



Town of Colchester

FINAL DRAFT

Affordable Housing Plan

[Insert Town Reviewing Authority here]

Adopted [insert date here]

Completed in Partnership with

Town of Colchester Planning and Zoning Commission



Consultant

SLR International Corporation



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Community Values Statement

The Town of Colchester is an historically rural Town with access to natural resources, farmland, open space, and trails. The concentration of commerce and services at its core provide great convenience for its residents and attract a customer-base from a range of surrounding rural communities. An inclusive housing stock that provides a range of housing options to current and future residents will allow a diversity of households to benefit from Colchester's many assets.

Colchester embraces a diverse and inclusive housing stock that provides affordable homeownership opportunities, quality rental options, and housing choices for all household types, income levels, and life stages. Colchester's housing diversity allows young people to live in the community where they grew up, enables residents to downsize within the community, and provides housing opportunities that strengthen Colchester's economic base as well as that of the region. Colchester is fortunate to have cultivated a well-balanced housing stock, but a proactive approach to the satisfaction of all current and future residents is necessary for a sustainable future.

The community must work together to preserve and improve the housing stock to meet its needs. Continued efforts to increase housing affordability will ensure that existing residents can continue to live in the community as they move through different life stages and lifestyles. Colchester prides itself on its excellent quality of life for all residents, quality town services, and access to open space, recreational, and cultural opportunities

Future housing development should continue to align with the unique characteristics of each zoning district and in accordance with the Plan of Conservation and Development.

Introduction

The Town of Colchester has developed this Affordable Housing Plan, which identifies strategies to grow the number of affordable housing units over the next five years in a manner that aligns with community values. This plan is intended to satisfy the statutory requirements under CGS Section 8-30j. Affordable Housing Plans must be updated every five years per state statute.

What is Affordable Housing?

In CGS Section 8-30g, the State defines Affordable Housing as housing that costs 30% or less of household income for households making less than 80% of state or Area Median Income (AMI), whichever is lower. As of 2021, a family of four making less than \$79,900 per year or an individual making less than \$55,950 per year could qualify for affordable housing in Colchester. Income limits are updated on an annual basis by the U.S. Department of Housing and Urban Development (HUD). According to data from the HUD, about 26% of Colchester households make less than 80% of Area Median Income and may be eligible for affordable housing programs.

Affordable housing, as the State defines it, typically only includes protected units that are reserved for low-income households through deed restrictions or through governmental assistance programs such as housing vouchers or subsidized mortgages. According to 2021 data published by the Connecticut Department of Economic and Community Development (DECD), 537 or 8.7% of Colchester's total housing units were protected affordable units. Colchester also has many naturally occurring affordable housing (NOAH) units. While these units may be affordable to low-income households today, they may not be affordable in the future if rents or home sale prices increase.

A common myth around affordable housing is that it consists only of higher density apartments. This is not true. Affordable housing can be like any other type of housing and comes in many forms, shapes and sizes ranging from single-family homes to duplexes and from townhomes to apartments. It can be privately owned or rented. It can house seniors, families with children, single individuals, or persons with disabilities. It can also come in a range of architectural styles making it virtually indistinguishable from other housing types. While some affordable housing units are owned and managed by public entities, like the Colchester Housing Authority, most are privately owned and managed.

Why is Affordable Housing Important?

Affordable housing provides many benefits to the community. Growing the number of affordable housing units would allow those with roots in the community to continue living here, regardless of their economic status. Affordable and diverse housing choices would allow young adults to

move back to the community, in which they grew up. Seniors would be able to remain in the community after they retire and have opportunities to downsize, should they choose. Households that experience a loss of income due to economic circumstances, disability, divorce, or loss of a spouse, will not be displaced from the community, due to the inability to pay for housing. Workers in essential jobs such as teachers, grocery store workers, home health aides, childcare workers, restaurant workers, and first responders would have an opportunity to live where they work or attract new residents who could contribute to the local economy. Affordable housing can also support businesses by providing housing choices for entry level workers, medical residents, and lower wage workers at major employers.

Plan Development Process

This Affordable Housing Plan for Colchester was developed over a five month period and provided opportunities for community participation. A project website was launched through ArcGIS StoryMap to engage and educate residents of Colchester on different types of affordable housing, share project updates, and solicit feedback through online surveys.

A community survey ran from January to February 2022 and gathered input from 323 residents (2% of the population) of Colchester on community values and housing needs. The key findings of the survey were:

- 37% of respondents were not aware of any affordable housing in Colchester today
- 42% of respondents know someone struggling with housing costs
- The top characteristics that make Colchester a great place to live were identified as the small town feel, green spaces, town center, sense of community, location and accessibility, and the people.

Introduction to Colchester

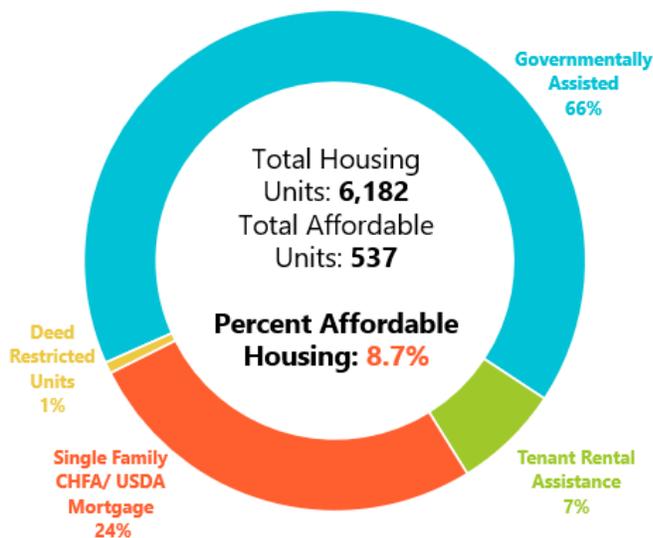
Colchester is a small rural town of 15,500 residents located in western New London County. The town is bounded by Marlborough and Hebron to the north, Lebanon and Bozrah to the east, East Haddam, and Salem to the south, and East Hampton to the west. Colchester is located about 25 miles southeast of Hartford and 25 miles northwest of New London and Norwich.

Colchester developed around the confluence of several significant State arterial routes. As a regional “hub”, the concentration of goods and services attracts visitors and customers from surrounding rural areas. Colchester also boasts a number of pristine open space and vibrant agritourism assets. Colchester takes great pride in its village character in the town center, specifically around the historic town green, and the rural character of the periphery of town.

Outside the center of town, Colchester is generally a bedroom community. While it was one of the fastest growing residential populations in the state, peaking in the 1990’s, it remains a desirable place to live. As of the 2019 American Community Survey, Colchester has 6,145 households with a median household income of \$107,914.

Affordable Housing in Colchester

Affordable Housing Units in Colchester



Source: DECD Affordable Housing Appeals List, 2021

Protected Units

As of 2021, 537, or 8.7% of Colchester’s total housing units are protected affordable units. This includes 364 governmentally assisted units, 37 units receiving tenant rental assistance, 132 USDA or CHFA mortgages, and 4 deed restricted units. Colchester has a larger share of protected affordable units than its peer communities in southeastern Connecticut.

Since 2002, Colchester has lost a number of affordable housing units. Colchester had over 11.7% of their housing stock as protected affordable housing units in

2002. Due to the increase in the overall number of market-rate units and a loss of affordable units, the overall percentage has decreased in the past 20 years. The different types of affordable housing in Colchester today are described in the sections below.

Colchester Housing Authority

Since 1967, the Colchester Housing Authority has provided clean, safe, affordable housing to the most in-need senior population. The Housing Authority oversees 30 residential apartment units in Ponemah Village and 40 residential apartment units in Dublin Village. The Housing Authority also manages a co-op called Breed's Tavern, open to families with at least two children under the age of 18.



Housing Vouchers

Housing Vouchers including Section 8 or RAP certifications utilize specific formulas to determine what the rental payments of the tenant are. Colchester residents who have a housing voucher, will often have to pay approximately 30% of their household income directly to the landlord and the voucher or certificate pays the rest to the landlord. Vouchers assist families to pay an affordable amount for housing and have funds for other basic needs.

Connecticut Housing Finance Authority Programs

The Connecticut Housing Financing Authority (CHFA) is a self-funded, quasi-public organization. Its mission is to alleviate the shortage of housing for low- to moderate-income families and persons in the state and, when appropriate, to promote or maintain the economic development of the state through employer-assisted housing efforts. Mortgages through CHFA are available for first time homebuyers purchasing homes that are within the CHFA Sales Price Limits who have a gross income that is within the Income Limits. Over the last 5 years, CHFA mortgages were used by 48 households to purchase homes in Colchester.



Private Affordable Housing

Private housing on the open market may be affordable to low-income households. It is sometimes referred to as Naturally Occurring Affordable Housing (NOAH). This housing has no deed restriction or subsidy, but still costs a low-income household no more than 30% of their income. However, low-income households must compete with other more affluent households to occupy these units. As prices rise, the affordability of these units may disappear.

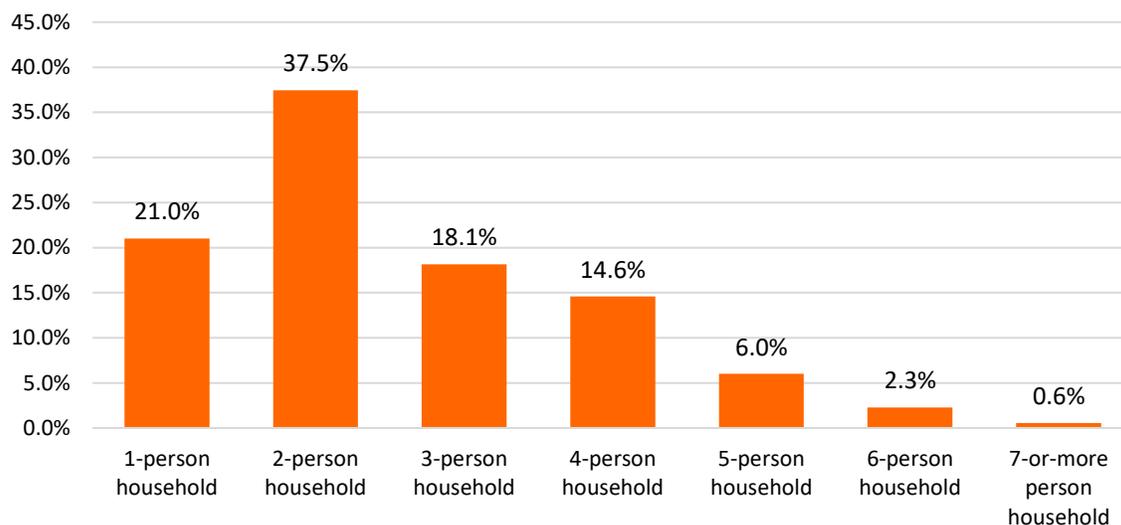
Housing Needs Assessment

This section presents a summary of the key findings from the Housing Needs Assessment. For the complete Housing Needs Assessment, please see *Appendix B*.

Demographics

- Colchester’s population increased rapidly since the 1960s to 2010 reaching a high of 16,068.
- After 2010, the Town’s population saw a slight decline for the first time to 15,555 in 2020 but is predicted to remain stable.
- The Connecticut Data Center projects that by 2040, Colchester’s population will recover slightly and remain stable.
- When looking at age distribution, Colchester has seen decreases in the number of school age children and small increases in young adults from age 20 to 34.
- There have been decreases in older adults from 40 to 55 but large increases in the “baby boomer” population aged 55 to 84.
- Between 2010 and 2019, the portion of the population age 65 or over grew from 10.8% to 14.2%.
- Colchester has seen a shift towards smaller households. Currently, the average household size in Colchester is 2.6.
- 56% of households in Colchester are married couples and 21% of households are individuals living alone. 57.5% of all households contain either one or two people.

Colchester Household Size Distribution

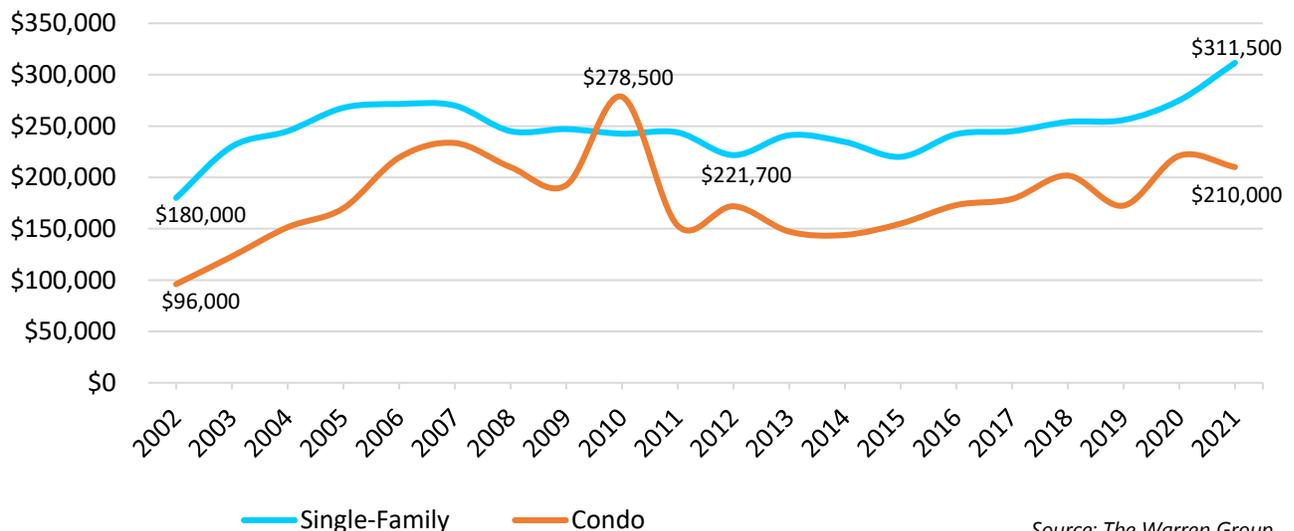


Source: 2019 ACS 5-Year Estimates, Table B11016

Housing Stock

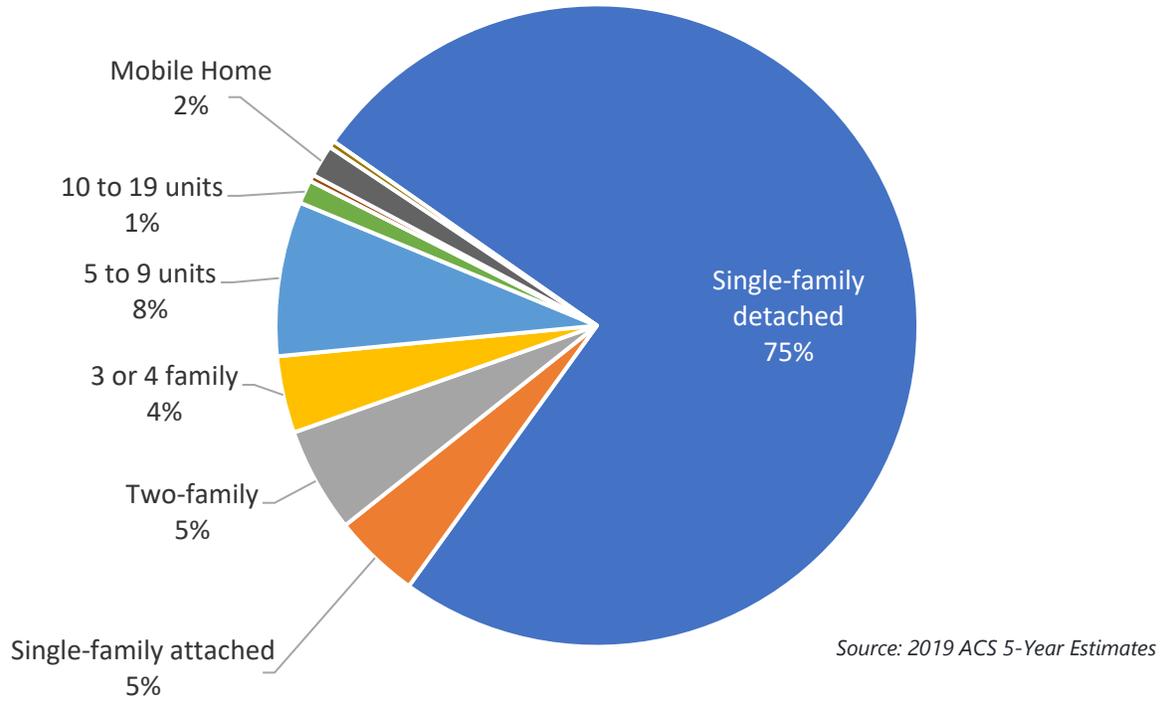
- Colchester has a larger percentage of homeowners than New London County as a whole and a smaller portion of renters.
- 75% of Colchester’s dwelling units are single-family detached.
- All types of multi-family dwellings make up 18% of the total housing stock with the most common type being 5-to-9-unit apartment buildings
- 2% of residents live in mobile homes
- The number of one- and two-bedroom units in Colchester is lower than County and State averages.
- The number of 3-bedroom units is substantially larger than the County and State averages and represents 50% of all units in Colchester.
- Home values in Colchester show some “naturally” affordability but may still exceed affordability levels for lower income residents. Nearly 65% of homes are valued under \$299,999 with 22% under \$199,999.
- The median sale price for single-family homes has been increasing steadily since 2017 and is now an all-time high of \$311,500.
- Sales have been relatively stable since recovering from recession of 2008 and are close to but not quite back to levels of early 2000s.
- Rents in Colchester also shows some naturally affordable units. Rent prices under \$2,000 per month account for 88.7% of rental units. [See Appendix B]

Town of Colchester Median Home Sale Price



Source: The Warren Group

Colchester Dwelling Types



Housing Need

How many Colchester Families Need Affordable Housing?



Source: U.S. Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Survey (CHAS): 2013-2017

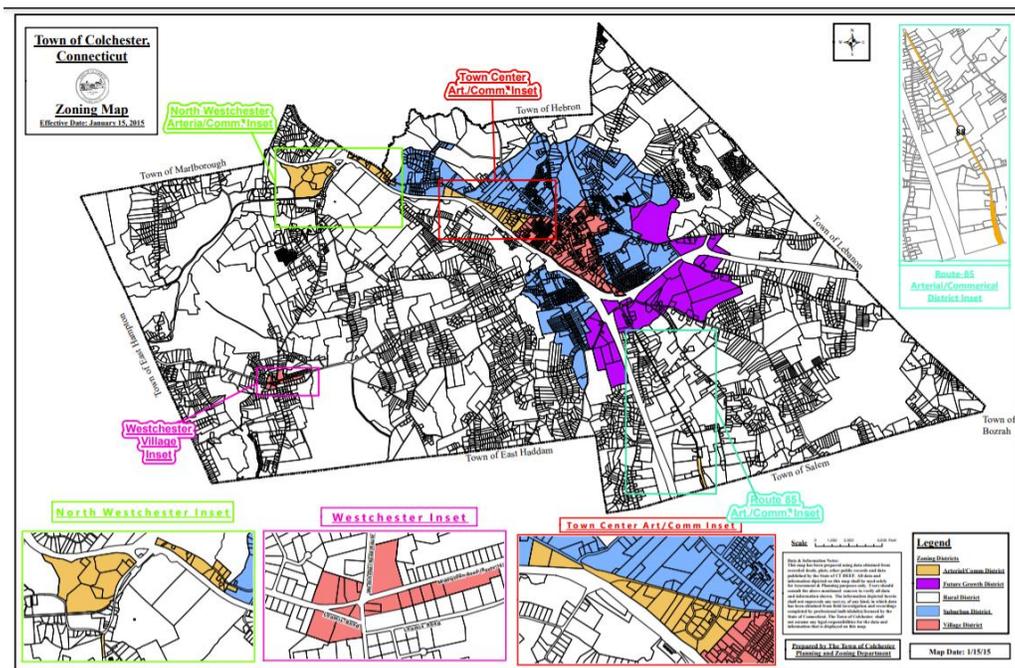
- There are **1,550** households in Colchester (**26%** of total) who meet the definition of low income (earning less than 80% of Area Median Income).
- Cost burdened households spend greater than 30% of their income on housing and may have difficulty affording other necessities such as food, clothing, transportation, and medical care. About 1,550 or 26% of Colchester’s households are cost burdened. Seniors and renters making less 80% of AMI are disproportionately cost burdened compared to the total population.
- A housing gap analysis was performed comparing the supply of “naturally occurring” affordable housing to local demand. The gap analysis indicated that Colchester would benefit from more owner and rental options for all low-income households but particularly for individuals living alone, seniors and young people.
- The Town’s smaller household sizes indicates that smaller sized multi-family housing units (1 or 2 bedrooms) could benefit this group.

Land Use & Zoning Assessment

This section presents a summary of the key findings from the Planning and Zoning Review. For more details, please see *Appendix B*.

- Colchester’s zoning consists of five zoning districts:
 - **Rural Use:** Agriculture, single- and two-family homes permitted.
 - **Suburban Use:** Majority of population, single- and two-family homes allowed by-right. Multi-family is allowed by Special Permit.
 - **Town Center/Westchester Village:** Mixed-use, walkable development. Single-, two- and multi-family units allowed by-right.
 - **Future Development:** Non-residential development in appropriate locations. Mixed-use residential is allowed by Special Permit.
 - **Commercial/Arterial District:** allows for commercial and business uses along major arterial routes

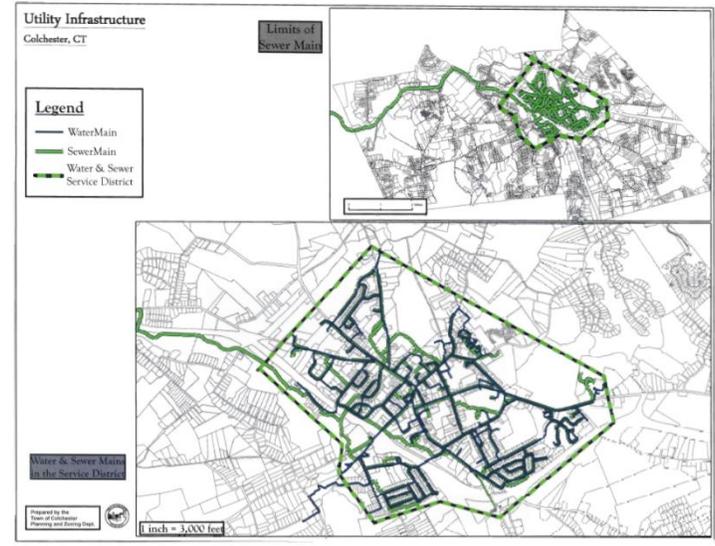
- **Accessory Dwellings Units are allowed by Zoning Permit**



Source: Colchester Planning Department

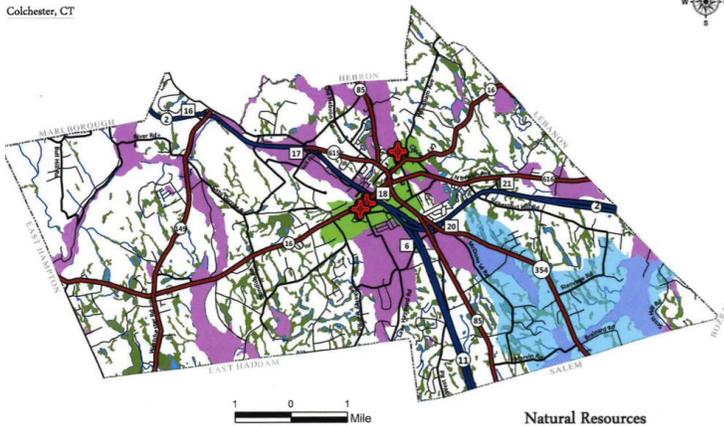
Infrastructure Assessment + Natural Constraints

- Colchester has a limited water and sewer district that encompasses only the areas closest to the Town Center
- Sewer also runs along a portion of Route 2
- A study in 2010 investigated the capabilities of the water and sewer systems within the community and identified ways to provide water and sewer service to properties in the future development area
- The POCD recommends that the "Rural" district remain as sewer avoidance area

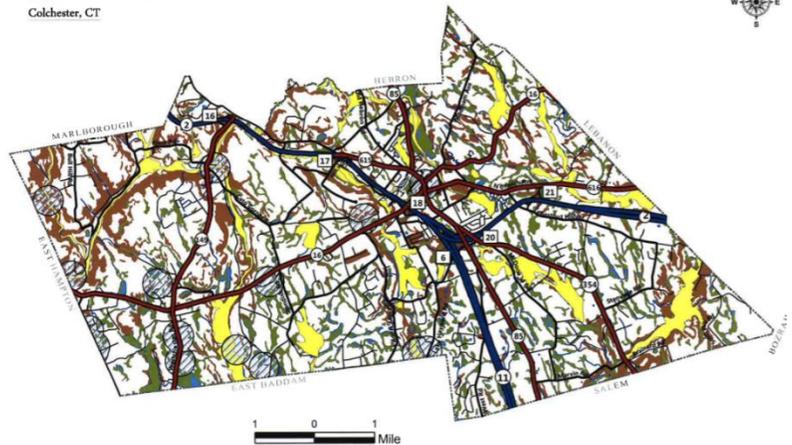


Source: Colchester POCD

Water Resources
Colchester, CT



Natural Resources
Colchester, CT



Source: Colchester POCD

Objectives, Strategies and Action Steps

1. Update regulations for and expand knowledge of Accessory Dwelling Units (ADUs)

ADUs are smaller apartments that exist as secondary housing units on the same property as a single-family home. Colchester currently allows ADUs in certain zoning districts with certain restrictions. Not very many homeowners have pursued adding ADUs to their property in the last several years.

Potential Action Steps:

1.1 Colchester Town Staff in conjunction with the Planning and Zoning Commission should study the Town's ADU regulations and consider amendments to existing ADU regulations. For example, things to consider include: 1. increase flexibility by allowing for attached and detached ADUs; 2. loosen architectural and parking requirements while maintaining design guidelines for aesthetics; and 3. loosen annual affidavit and recording requirements.

1.2 The Town staff in conjunction with the Planning and Zoning Commission could consider furthering the education of ADUs in the Town by preparing handouts, brochures, and a devoted information link on the Town's Planning Department webpage. The focus will be to expand understanding of the zoning process and options for ADUs within the Town. The devoted webpage would include information for private property owners to utilize in determining how to comply with the ADU regulations and where ADUs could be located on their property.

2. Encourage and promote "Middle Housing" typologies, particularly cottage clusters

"Middle Housing" is a concept promoting a form of multi-family unit design that is compatible in scale and form with single-family homes. This type of housing is usually 1.5 to .5 stories in height and includes two-family units (duplexes), three-family units; fourplex units and cottage courts. These type of units are particularly beneficial near amenities and in walkable neighborhoods and areas.

Potential Action Steps:

2.1 Colchester Town Staff in conjunction with the Planning and Zoning Commission should further study the middle housing concept and its various typologies. Areas to be targeted should be closest to amenities and Town center and consideration should be given to as of right development in certain areas. The conversion of existing single-family houses where appropriate should also be considered. Units could be naturally affordable or combined with other strategies to encourage deed-restricted affordable units.

2.2 At the completion of the study, any recommended Zoning Regulation amendments should be considered by the Commission.

3. Promote housing opportunities within the village center through a Housing Overlay Zone

Specific areas of the Village Center could be targeted for affordable housing through a Housing Overlay Zone (HOZ). The HOZs would offer potential developers flexibility in developing more housing through incentives such as: density bonuses, increased heights, lower parking requirements, and by-right or administrative project approvals. This would allow housing in locations that currently are not zoned for residential uses.

Potential Action Steps:

3.1 Colchester Town Staff in conjunction with the Planning and Zoning Commission should further study Housing Overlay Zones and identify geographic area(s) for HOZs based on community input.

3.2 Following identification of HOZs areas, the Planning and Zoning Commission should study further to select percentage of affordable units required for projects to qualify for overlay zone incentives and at what rates and develop a package of incentive that would be given to qualifying projects based on desired project elements.

3.3 At the completion of the HOZ study, any recommended Zoning Regulation amendments should be considered by the Commission.

4. Consider updates to and new strategies for Inclusionary Zoning regulations

Colchester adopted an inclusionary zoning regulation in 2015. The Planning and Zoning Commission should revisit these regulations for potential updates and changes.

Potential Action Steps:

4.1 The Planning and Zoning Commission should review the current regulations and consider the following changes: create a voluntary program; consider targeting the Town Center areas, re-evaluate percentage of affordable units and income levels; ~~and~~ consider possible payment-in-lieu options; and consider the connections between inclusionary zoning regulations and middle housing and housing overlay zones.

4.2 Once the review is complete, any recommended Zoning Regulation amendments should be considered by the Commission.

5. Work with the Connecticut Housing Finance Authority to promote first-time homebuyer options in Colchester and educational outreach opportunities.

The Connecticut Housing Finance Authority (CHFA) is a self-funded, quasi-public organization. Its mission is to alleviate the shortage of the housing for low- to moderate- income families and persons in this state, and when appropriate, to promote or maintain the economic

development of Connecticut through employer assisted housing efforts. Mortgages through the CHFA are available for first-time homebuyers.

Potential Action Steps:

5.1 Colchester Town staff to provide information to realtors for potential homebuyers and to potential first-time homebuyers to consider CHFA mortgages.

5.2 Colchester to consider hosting or advertising CHFA homebuyer and real estate agent education classes that are supplied by CHFA.

5.3 Colchester Town staff to investigate partnering with a non-profit and/ or with other towns to locally provide a CHFA housing counselor. The investigate should include discussion with SECCOG staff and how they can be of assistance in coordinating discussions at the regional level and between towns.

6. Strengthen the Town's capacity to further Affordable Housing

Implementation of the recommendations of this Plan may require resources and an additional level of Town and/or staff oversight.

Potential Action Steps:

6.1 Establish a Housing Committee – The Town should consider establishing a Housing Committee. The Housing Committee could be a Planning & Zoning Commission sub-committee. This Committee can help oversee the implementation of this Plan as well as future updates. The Housing Committee could also serve in an advisory capacity to other boards and commissions and provide recommendations to the Planning & Zoning Commission and the Board of Selectmen.

6.2 Provide adequate staffing and skill sets to administer affordable housing programs

The initiatives in this Plan may require additional administration and oversight from knowledgeable staff. The Town should evaluate its ability to properly oversee and administer the affordable housing initiatives outlined in this Plan. Additional expertise in housing program administration, finance, and real estate could be provided through the training of current staff, new hires, consultants, or regional services through or coordinated by SECCOG.

6.3 Provide Affordable Housing Training to staff and members of land use boards

State statutes pertaining to affordable housing are likely to change over the coming years. Providing regular training to staff and members of land use boards and commissions will ensure that they are educated on statutory requirements and understand affordable housing best practices as they evolve.

6.4 Incorporate the Affordable Housing Plan into the Plan of Conservation and Development

The Planning Commission should ensure that the Affordable Housing Plan is incorporated into the housing recommendations section of the Plan of Conservation and Development (POCD) when it is next updated.

6.5 Implement Colchester's Affordable Housing Plan

The recommendations of this Plan represent a starting point and guideline for potential future changes to Town Zoning Regulations and policies. As required by CGS Section 8-30j, this plan will be updated every 5 years.